

RECORD

CAL ARNGR 700-131
C-1

STATE OF CALIFORNIA
OFFICE OF THE ADJUTANT GENERAL
2829 Watt Avenue
P.O. Box 214405
Sacramento, California 95821-0405

Change
No. 1

10 May 1991

Logistics
LOAN AND LEASE OF ARMY MATERIEL

1. CAL ARNGR 700-131, 21 December 1988, is changed as follows:

a. Add the following to paragraph 5f(2):

"mail information copy directly to OTAG, ATTN: CALG-SS-R"

b. Underscore the first three lines in paragraph 6.

c. Add the following to paragraph 6:

"Upon request and approval by CALG-SS, a loaning entity may, on an exception basis, prepare the Loan Agreement (DA Form 4881-R) in accordance with paragraph 5c(4) and this paragraph."

d. Add the Appendix, DA Form 4881-R, Sep 84.

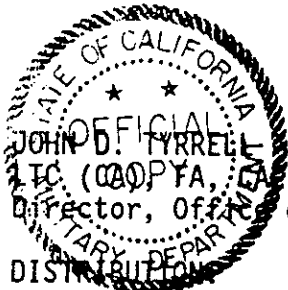
2. File this change in front of the publication for reference purposes.

(CALG-SS)

BY ORDER OF THE GOVERNOR:

OFFICIAL:

ROBERT C. THRASHER
Major General
The Adjutant General



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RECORD COPY

STATE OF CALIFORNIA
OFFICE OF THE ADJUTANT GENERAL
P.O. Box 214405 2829 Watt Avenue
Sacramento, California 95821-4405

CAL ARNG Regulation
No. 700-131

21 December 1988

Logistics
LOAN AND LEASE OF ARMY MATERIEL

1. **PURPOSE.** To establish internal controls, ensure property accountability and standardize procedures for the issuance of federal property to other than California National Guard units. This regulation is intended to protect unit commanders from outside sources haphazardly requesting to borrow federal property.

2. **SCOPE.** This regulation is applicable to the units of the California Army National Guard. The State Adjutant General is the approving authority for loan of ARNG property, except as otherwise indicated in AR 700-131.

3. **GENERAL.** Equipment issued to units of the CAL ARNG remains the property of the USPFO. The equipment is assigned to the unit to conduct their Federal and State mission; CALG-SS representing the Adjutant General has been delegated the authority to approve the loaning of unit equipment to other than CAL ARNG units.

a. The CALG-SS will document all equipment loans for an auditable trail.

b. Equipment loans that adversely effect training of CAL ARNG units will be denied.

c. Fair and equitable lending procedures will be administered by all levels of command.

4. **POLICIES.** a. **Loan of Federal Property.**

(1) Commanders have the authority to loan property to other elements within the California National Guard (CNG). The next higher headquarters will be notified prior to the loan of any equipment.

(2) Equipment that is to be loaned to agencies outside the California National Guard must be approved by CALG-SS for the Adjutant General. A long agreement must be prepared or an Interservice Support Agreement (ISSA) must be in effect prior to the lending of the equipment.

(3) The loan or use of military equipment by State Defense Forces is prohibited.

b. **Lease Agreements.** Lease of Army Materiel will be accomplished according to Army Regulation 700-131 in conjunction with USPFO and this office.

5. **PROCEDURES.** The following procedures will be followed when loaning federal property.

a. **General.**

(1) All requests for equipment during State emergencies must be approved by the State Office of Emergency Services.

(2) All ROTC requests must go through their respective support installation (AFZM-DI-AM Presidio of San Francisco or AFZW-DI-PO(1) Fort Ord, CA) before the CAL ARNG can act upon the request.

(3) All other requests require NGB approval. A written request through CALG-SS to NGB-ARL-S is required 70 days prior to requested use date.

b. **Receiving a Request for Equipment Loan.**

(1) Department of Defense (DOD) requests to borrow CAL ARNG equipment are to arrive at CALG-SS 30 days in advance of the proposed usage date. Emergency loans will be handled on a case-by-case basis.

(2) Non DOD request to borrow CAL ARNG equipment are to arrive at CALG-SS 70 days in advance of the proposed usage date. All of these requests will be referred to the Chief, National Guard Bureau for approval. Exception to this policy is the Boy Scouts and other civic groups as outlined in AR 700-131.

(3) All requests to borrow federal property from other than the CAL ARNG must be submitted by the requester

in writing. Units will forward the request to the Office of the Adjutant General, ATTN: CALG-SS, P.O. Box 214405, Sacramento, CA 95821-4405. Emergency verbal requests may be acted upon with a written request to follow.

(4) Telephone inquiries regarding availability of equipment can be informative and helpful to all parties concerned. If the equipment is available, the potential requesting unit (other than CNG units) is to be referred to OTAG for approval of the loan. No commitments will be given by the potential lending unit until proper authorization is received from OTAG and the senior command.

c. Unit Responsibilities Upon Loan of the Equipment.

(1) Ensure that appropriate authority (DA Form 4881-R or ISSA) to loan the equipment has been received.

(2) Prepare hand receipt (DA Form 2062)

(3) Conduct a joint inventory and technical inspection of the property prior to issue.

(4) Verify the borrower is properly licensed for the equipment to be borrowed.

(5) Provide the borrower with a briefing on care, maintenance, use and proper control of the equipment. Do not assume the borrower knows everything about the equipment.

(6) Confirm the location where the equipment is to be used. Get phone number of POC. In the event of an emergency condition the equipment is to be returned immediately.

(7) Provide the borrower with log books, keys, locks, BII and any manuals.

(8) Have the borrower sign the loan agreement and hand receipt.

(9) Mail copy one of the signed loan agreement to OTAG, ATTN: CALG-SS.

d. Unit Responsibilities Upon Loan of Equipment to Elements of the CNG.

(1) Prepare hand receipt (DA Form 2062)

(2) Conduct a joint inventory and technical inspection of the property prior to issue.

(3) Verify the borrower is properly licensed for the equipment to be borrowed.

(4) Provide the borrower with a briefing on care, maintenance, use and proper control of the equipment. Do not assume the borrower knows everything about the equipment.

(5) Confirm the location where the equipment is to be used. Get phone number of POC. In the event of an emergency condition the equipment is to be returned immediately.

(6) Provide the borrower with log books, keys, locks, BII and any manuals.

e. Unit Responsibilities Upon Return of the Equipment.

(1) Conduct a joint inventory and technical inspection on the equipment.

(2) Recover log books, keys, locks, BII and any manuals.

(3) Ensure that the proper entries are in the log book.

(4) Adjust hand receipt.

f. Damaged or Destroyed Equipment.

(1) OTAG, Emergency Operations Center (EOC) at (916) 973-3440 or AV 466-3440 will be notified immediately upon discovery of lost or damaged equipment.

(2) Serious incident report is to be completed and forwarded through command channels.

(3) Insist on borrowing entity prepare DA Form 4697, Report of Survey. Have the borrower complete items 1 and 3 through 12 prior to the borrower departing your location. AR 735-5 is the reference to complete the Report of Survey. Lending unit will complete item 13 through 16 and forward Report of Survey to their next higher Headquarters.

6. LOAN AGREEMENT. A loan agreement, DA Form 4881-R, will be prepared for all loans where the borrower is not an element of the CNG. Loan agreements will be prepared in triplicate by CALG-SS and be delivered to loaning entity. When signed, copy 1 of the agreement is to be returned to CALG-SS, copy 2 is given to the borrowing unit, and copy 3 is to be retained by the lending unit for a period of two years.

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7. **INTERSERVICE SUPPORT AGREEMENT.** An Interservice Support Agreement (ISSA) can be used in lieu of a loan agreement. USPFO will maintain all ISSAs, which is used as a long term loan agreement. The ISSA number will be referenced on all loans of this nature. CALG-SS at OTAG must approve each separately and

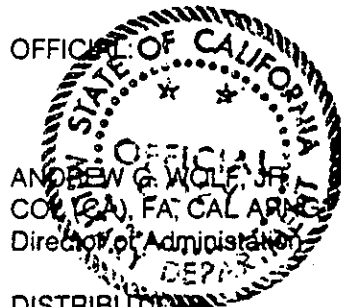
(CALG-SS)

BY ORDER OF THE GOVERNOR:

the ISSA number will be referenced in the approving letter. ISSAs are used in ROTC loans.

8. **PROBLEMS.** Problems associated with a loan of equipment are to be addressed through command channels at OTAG, ATTN:CALG-SS.

OFFICIAL



DISTRIBUTION

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ROBERT C. THRASHER
Major General
The Adjutant General

10 May 1991

CAL ARNGR 700-131 C-1

APPENDIX

LOAN AGREEMENT NO. _____

AGREEMENT FOR THE LOAN OF US ARMY MATERIEL	
For use of this form, see AR 700-131, the proponent agency is DCSLOG.	
This form will be used to enter into agreements relative to the loan of Army materiel between the United States Army and —	
1. Non-DOD Federal departments and agencies. 2. Civilian activities specifically authorized to receive Army materiel on loan. Paragraphs below are applicable to cases, as cited above, unless otherwise specified at the beginning of each paragraph.	
This loan agreement is entered into, by, and between the United States of America, hereinafter called "the lender," represented by (b) <u>United States Property and Fiscal Officer for the State of California</u> for the purpose of entering into this agreement; and (a) _____ hereinafter called "the borrower," represented by (c) _____ for the purpose of entering into this agreement.	
1. PURPOSE. Under the authority of (d) <u>The Adjutant General for the State of California</u> , the lender hereby lends to the borrower and the borrower hereby borrows from the lender the Government materiel, hereinafter called "the materiel," listed and described in Exhibit 1 hereto attached and incorporated by reference into the terms of this agreement, which materiel is required by the borrower for (e) _____	
2. TERM. This loan of materiel is intended to meet a temporary need covered by federal law. The borrower will keep the materiel only for the period of (f) _____. Loans may be renewed, if justified, and requested by the borrower and approved by the lender. Nevertheless, the lender may revoke and terminate this agreement and demand return of the materiel in whole or in part at any time.	
1. CONDITIONS. This agreement is predicated upon the following conditions:	
a. The lender will make every effort to ensure that each item of the materiel is furnished to the borrower in a service- able and usable condition according to its originally intended purpose. However, if the use for which the materiel is loaned will permit, materiel of a lesser condition will be loaned. This lesser condition will be noted on the appropriate loan documents. Nevertheless, the lender makes no warranty or guarantee of fitness of any of the materiel for a particular purpose or use; or warranty of any type whatsoever.	
b. The borrower will appoint a representative for the purpose of making joint inspection and inventory of all materiel when the borrower physically picks up or returns the borrowed materiel. Upon pickup (or receipt after shipment) of the borrowed materiel, the chief of the borrowing activity (or his authorized representative) will sign the appropriate docu- ments acknowledging receipt and possession of the materiel. Upon return of the materiel to the Army, the borrower will certify that "the quantities listed in the shipping document(s) are correct." In instances where borrower representatives, authorized to receive and sign for borrowed materiel, are not available when the materiel is delivered, all claims for costs related to the loan will be valid.	
c. The borrower is responsible for care and maintenance of borrowed materiel during the term of the loan. The borrower will provide sufficient personnel and facilities to adequately operate, maintain, protect, and secure the borrowed materiel. The borrower will maintain the materiel in a serviceable condition and ascertain that it is returned to the Army in as good a condition as when it was loaned (fair wear and tear excepted). Records of maintenance performed will be kept and returned to the Army with the borrowed materiel. (NOTE: When appropriate, the borrowing activity will place the materiel in a "property preserved" status prior to or upon return.)	
d. The borrower will store, safeguard, and secure high value items, or arms in a manner consistent with common practice, public law, and local ordinances.	
e. The borrower will prevent misuse of borrowed materiel, or its use by unauthorized persons.	

DA Form 4821-R, Sep 84

EDITION OF MAY 89 IS OBSOLETE

APPENDIX (continued)

f. The borrower will neither make, nor permit any modification or alteration of any borrowed material except with permission of the approving authority for the loan.

g. The borrower will not mortgage, pledge, assign, transfer, sublet, or part with possession of any borrowed material in any manner to any third party either directly or indirectly except with the prior written approval of the lender.

h. At all times the lender shall have free access to all loaned material for the purpose of inspecting or inventorying it.

i. The borrower will return borrowed material to a location designated by the lender when the material is no longer needed; upon termination of the loan period (including any approved extension); or upon demand therefore by the lender. The lender will provide documents to be used by the borrower to return the material.

j. (Applicable to agreements involving the loan of an Army building.) The building will not be moved. Upon termination of its use, the borrowing activity will vacate the premises, remove its own property therefrom, and turn in all Government property.

4. PAYMENT. The borrower will reimburse the lender for expenses incurred in connection with this loan as provided below:

a. (Applicable to loan agreements with civil authorities — except for FDAA requested disaster assistance — and civilian activities only.) Before delivery of any material by the lender, the borrower will post with the approving authority a surety bond and a certified bank check, US Treasury bonds, or bonding company bond in the amount of the total value of the material as shown in Exhibit I (See paragraphs 2-7 a(2)(i) and 2-7 a(2)(b), AR 700-131, for exceptions where a "double bond" is required.) The bond, marked Exhibit II, (properly executed surety bond and evidence of deposit with the approving authority of certified check, United States of America Treasury bonds, or bonding company bond in the amount of the grand total shown on Exhibit I), is hereto attached and incorporated by reference into the terms of this agreement.

b. (Applicable to loan agreements with civil authorities — except for FDAA requested disaster assistance — and civilian activities only.) Should the borrower fail to return any of the borrowed material or fail to reimburse the lender within 30 days after receiving a request for payment of expenses, the bond shall be forfeited as liquidated damages in an amount equal to the expense to the Government.

c. (Applicable to loan agreements with civil authorities — except for FDAA requested disaster assistance — and civilian activities only.) Payment of liquidated damages by forfeiture of any portion of the bond to the Government shall not operate as a sale to the borrower of any of the material available to be returned, but not returned to the lender, nor to extinguish the lender's right to have the available missing material returned. Should the borrower later return to the lender any of the missing material on account of which a portion of the bond was forfeited as liquidated damages, the borrower shall be entitled to recoup from the lender a sum equal to 90 percent of the price of the returned material as shown on Exhibit I, less an amount in payment for expenses, if any, computed in accordance with Chapter 6, AR 700-131, and less an amount for depreciation.

d. (Applicable to loan agreements with civil authorities and civilian activities only.) If the normal life expectancy of borrowed material can be determined by reference to applicable military publications, the amount to be assessed for depreciation shall be computed by the straight line method using the price shown on Exhibit I and the date of expiration or termination of this loan as initial points. When normal life expectancy is not established by applicable military publications, the amount for depreciation shall be computed by the same method, applying a uniform depreciation rate of 50 percent per annum.

e. (Applicable to loan agreements with civil authorities and civilian activities only.) The borrower will assume all responsibility for Army claims arising from the possession, use, or transportation of the borrowed material; and, agree to hold the lender harmless from any such claims and liability. The borrower will protect the interests of the lender by procuring comprehensive insurance for all borrowed material to include coverage for liability, property damage, fire, and theft; and deductible collision insurance for motorized vehicles. The borrower will file duplicate copies of such insurance policy(ies) with the lender and prepare accident reports in accordance with existing laws and local ordinances.

f. The borrower will bear the cost of pickup and return of borrowed material; and, will reimburse the lender for costs incurred incident to packing, crating, handling, movement, and transportation of the material.

g. The borrower will reimburse the lender for any expenses necessary to repair, rehabilitate, or preserve the material following its return to the lender. (NOTE: Of any borrowed material, unless depreciation is significant.)

h. The borrower will reimburse the lender (as indicated and at the price shown on Exhibit I) for the cost of all of the expendable material (including, but not limited to, petroleum, oil, and other lubricants) used or consumed during this loan.

i. The borrower will reimburse the lender for costs incident to the pay of Army personnel who may be temporarily required to operate, maintain, guard, or otherwise attend to borrowed Army material. This includes travel and per diem costs for both Army uniformed and civilian personnel, and regular salary and overtime costs for Army civilians.

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APPENDIX (continued)

<p>1. The borrower will reimburse the lender for any other expense to the lender arising in connection with the loan of Army materiel.</p> <p>2. (Applicable to loan agreements with Federal departments and agencies only.) The lender will indicate the specific accounting classification(s) against which any charges as enumerated above will be charged.</p> <p>3. OFFICIALS NOT TO BENEFIT. No member of or delegate to Congress shall be admitted to any share or part of this loan or to any benefit arising in connection with it.</p> <p>4. CONTINGENCY FEES. No person or agency acting for or on behalf of the borrower to solicit or obtain this loan shall be paid any commission, percentage, brokerage, or contingent fee in any way connected with this loan.</p> <p>5. DISPUTES. Any disputes concerning a question or fact arising under this loan agreement which are not mutually disposed of by the lender and the borrower shall be decided by the Secretary of the Army as the Government's Executive Agent, or by his designee.</p> <p>Done at (a) _____ this _____</p> <p>City and State Time and Date</p>	
TYPED NAME, GRADE/RANK OF ARMY APPROVING AUTHORITY FOR THE LOAN, OR HIS DESIGNEE	SIGNATURE OF APPROVING AUTHORITY OR HIS DESIGNEE
TYPED NAME OF CHIEF EXECUTIVE OR HIS AUTHORIZED DESIGNEE OF THE BORROWING AGENCY, AUTHORITY, OR ACTIVITY	SIGNATURE OF CHIEF EXECUTIVE OR HIS DESIGNEE
<p>INSTRUCTIONS. The lettered blank portions of the loan agreement are to be completed as specified in the following paragraphs with the same letters.</p> <p>(a) Enter, as appropriate, the name of the Federal agency, city, county, state, or other civil governmental body; or special activity (e.g., Boy Scouts of America, American Legion) which is borrowing the Army materiel.</p> <p>(b) Enter name and title of the Army approving authority for the loan, or his designee.</p> <p>(c) Enter name and title of the borrowing activity's chief executive (e.g., John Doe - Secretary of the Treasury, Governor of the State of Iowa, National Commander of the American Legion, etc.) or his authorized (in writing) designee.</p> <p>(d) Enter the appropriate authority for the loan from table 2-1, this regulation (e.g., Public Law, US code, DODD).</p> <p>(e) State the purpose of the loan (use to which the borrowed materiel will be put); e.g., disaster relief activities in support of the Johnstown, PA, flood, National American Legion Convention at Chicago, IL; etc.</p> <p>(f) Enter the calendar period (duration of the loan, e.g., 1 March 1978 to 15 April 1979).</p> <p>(g) Enter location, day, month, and year that the agreement was signed.</p> <p>(h) Signature of the Army approving authority for the loan, or his designee.</p> <p>(i) Signature of the chief executive, or his authorized (in writing) designee, of the borrowing agency, authority, or activity.</p> <p>NOTE. Exhibits I and II will be prepared as attachments to the loan agreement.</p>	

10 May 1991

APPENDIX (continued)

LOAN AGREEMENT
NO. _____

Description Of Property To Be Loaned:

	<u>LIN</u>	<u>ITEM</u>	<u>QTY</u>
1.			
2.			
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4.			
5.			
6.			
7.			
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9.			
10.			